

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. FD 36005

KCVN, LLC AND COLORADO PACIFIC RAILROAD, LLC—FEEDER LINE
APPLICATION—LINE OF V AND S RAILWAY, LLC, LOCATED IN CROWLEY,
PUEBLO, OTERO, AND KIOWA COUNTIES, COLORADO

Decided: March 3, 2017

On March 18, 2016, KCVN, LLC (KCVN) and its wholly owned subsidiary, Colorado Pacific Railroad, LLC (Colorado Pacific) (collectively Applicants), jointly filed an application under the feeder line provision at 49 U.S.C. § 10907¹ to acquire a 121.9-mile line of railroad owned by V and S Railway, LLC (V&S) in southeast Colorado (the Line). The Line, known as the Towner Line, extends between milepost 747.5 near Towner and milepost 869.4 near NA Junction in Pueblo, Crowley, Kiowa, and Otero Counties, Colo. After discovery, V&S commented on the application on August 30, 2016, and Applicants replied on September 27, 2016.

To aid the Board's analysis of this case, Applicants will be directed to file with the Board the wholesale prices (rather than the retail prices) for the materials as they are classified and inventoried by V&S. Applicants may use wholesale prices from whichever source (such as an index) or sources they see fit, but shall identify the source or sources of that data and explain the reasons they were selected. Applicants shall state whether the source or sources relied on for wholesale prices includes a deduction of the cost of removing the track materials and transporting them to the wholesale purchaser. If the source or sources do not include a deduction of those costs, Applicants shall calculate those removal and transportation costs and deduct them from the gross salvage value derived from the wholesale prices. The removal and transportation costs must be consistent with shipping the materials to the location of the wholesale purchaser, and the evidentiary basis for those costs must be provided. To the extent removal and transportation costs result in changes to other costs (such as marketing and administrative), Applicants may recalculate and deduct such costs, accompanied by supporting evidence. Based on the record as supplemented, Applicants shall also calculate a revised NLV. V&S will be permitted to respond. Applicants shall provide this data by March 17, 2017. V&S may file a

¹ Under § 10907, the Board is authorized to require the sale of a rail line to a financially responsible person if the public convenience and necessity require or permit the sale. The sale price must be not less than the constitutional minimum value, which is presumed to be not less than the net liquidation value (NLV) of the line or the going concern value of the line, whichever is greater.

reply concerning this data by March 24, 2017, and Applicants may file a rebuttal by March 31, 2017.

It is ordered:

1. Applicants shall provide the data described above by March 17, 2017. V&S may file a reply by March 24, 2017. Applicants may file a rebuttal by March 31, 2017.
2. This decision is effective on its service date.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.